GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

STARRED QUESTION NO:62
ANSWERED ON:21.02.2003
PURCHASE OF SUGARCANE
BHERU LAL MEENA

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether sugar mills have shown no interest in purchasing sugarcane from the farmers at the last year`s price i.e. Rs.95-100 per quintal;

(b) if so, the reasons therefor;

(c) the reasons for issuing the order by the Union Government for the release of sugar once in three months instead of lifting the control on sugar in the last year`s budget and releasing the sugar every month;

(d) whether the sugar mill owners have sought the approval of the Government to sell levy sugar at cheaper rates in the open market as there are no buyers of levy sugar despite the rate of Rs. 1213/- per quintal;

(e) if so, the reaction of the Government thereto; and

(f) the steps taken by the Government to solve the crisis being faced by the sugarcane growers and sugar mills?

Answer

MINISTER OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI SHARAD YADAV)

(a) to (f): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (f) OF STARRED QUESTION NO.62 DUE FOR ANSWER ON 21-02-2003 IN THE LOK SABHA.

(a) to (c): The Central Government fixes the Statutory Minimum Price (SMP) of sugarcane under the provisions of the Sugarcane (Control) Order, 1966. In the last sugar season (2001-02), the SMP of sugarcane was fixed at Rs.62.05 per quintal linked to 8.5% recovery level. For the current sugar season, the Central Government has fixed the SMP of sugarcane at Rs.69.50 per quintal linked to 8.5% recovery in the context of which the sugar mills are to purchase sugarcane in the ongoing season. The release of free sale sugar was made, on quarterly basis, for the quarter January-March, 2002. Following a representation of the Apex Organization of the Sugar Industry, the monthly release system was restored thereafter.

(d)&(e): No such request has so far been received from the sugar mill owners.

(f): The following steps have recently been initated in the interest of the sugarcane growers and the sugar industry:-

(i) Buffer Stock of 20 lakhs tonnes of sugar:

A Buffer Stock of 20 lakhs tonnes of sugar has been created involving an outgo of Rs.412 crores from the Sugar Development Fund; Rs.374 crores would be released by Banks on account of the Buffer Stock. Thus, an amount of Rs.786 crores would become available for the payment of cane dues to the farmers.

(ii) Increase in the Statutory Minimum Price (SMP) of sugarcane by Rs.5.00 per quintal for 2002-2003 sugar season

The Central Government had earlier fixed the Statutory Minimum Price (SMP) of the sugarcane at Rs.64.50 per quintal linked to a basic recovery of 8.5% subject to a premium of Rs.0.76 for every 0.1 percentage point increase in the recovery above that level for the 2002-03 season. In order to extend relief to the sugarcane growers, the SMP of sugarcane was increased by Rs.5 per quintal, that is to Rs.69.50 per quintal linked to a basic recovery of 8.5 percent subject to a premium of Rs.0.82 for every 0.1% percentage point above that level for the 2002-2003 season. The factory-wise SMP has since been notified vide Notification dated 09.01.2003.

(iii) Reimbursement of Internal Transport and Freight Charges

It has been decided to reimburse internal transport and freight charges to sugar factories. Reimbursement of internal transport

charges, incurred on export shipments of sugar, has already been allowed. Similarly, neutralization of ocean freight disadvantage at the rate of Rs.350 per tonne on account of export shipments of sugar would now be reimbursable.